

## Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 EB-08 AID-05 CIAE-00 INR-07

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FM AMEMBASSY LOME

TO SECSTATE WASHDC 2576

INFO AMEMBASSY PARIS

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EO 11652: N/A

EMIN TO

SUBJ: TOGO PHOSPHATE FERTILIZER PROJECT-US MANAGEMENT?

1. JOHN F BABBITT, PRESIDENT, DEVCO INTERNATIONAL, INC, CALLED ON EMBASSY JULY 28 TO PROVIDE BRIEFING ON HIS OFFER TO GOT TOPROVIDE MANAGEMENT SERVICES FOR PROPOSED \$250 MILLION PHOSPHATE FERTILIZER PLANT. BABBITT IS FORMER PRESIDENT OF AGRICO COMPANY, WHICH HAS LONG EXPERIENCE IN FERTILIZERS. HE HAS BEEN INTERESTEDIN TOGO'S PROJECT FOR SEVERAL YEARS.

2. BABBITT HAD JUST HAD INTERVIEW WITH MINISTER OF MINES MIVEDOR AND WAS PLEASED AT THE LATTER'S REACTION TO HIS PROPOSAL. ESSENTIALLY, BABBITT PROPOSES THAT HIS COMPANY TAKE OVER ENTIRE RESPONSIBILITY FOR PROJECT AND WOULD OVERSEE FINANCING, DESIGN, CONSTRUCTION, AND COMMERCIALIZATION OF PRODUCT. BABBITT'S OFFER TO MIVEDOR TO STUDY EXISTING FEASIBILITY STUDIES AND OTHER DATA WHICH GOT HAS COMPILED TO DATE ON PROJECT WAS ACCEPTED. HE IS TO RETURN TO TOGO WITHIN ONE MONTH WITH ANAYLSIS OF THE PROJECT. HE WAS SUPPOSED TO HAVE MET WITH PRESIDENT EYADEMA, BUT THE LATTER IS OUT OF THE COUNTRY AT THIS POINT AND INVOLVED IN OAU EFFORT TO MEDIATE EGYPTIAN-  
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LIBYAN DISPUTE.

3. BABBITT IS BEING SPONSORED BY THE MAURICE ASSOR ORGANIZATION. ASSOR IS INTIMATE FINANCIAL ADVISOR OF EYADEMA. JUDAS AZUELOS, AN ASSOR ASSISTANT, ACCOMPANIED BABBITT ON HIS CALL ON EMBASSY.

4. BABBITT PROPOSAL BASED ON OBTAINING EVENTUAL PERCENTAGE OF SALES COMMERCIALIZATION PRODUCT. DURING INCEPTION AND IMPLEMENTATION OF PROJECT, HIS PERSONNEL WOULD FUNDAMENTALLY RECEIVE ONLY EXPENSES AND LIMITED FEE. HE SAID GOT WAS PARTICULARLY INTERESTED THIS PHASE OF PROPOSAL SINCE IT WOULD GIVE MANAGEMENT TEAM SIGNIFICANT INCENTIVE REALIZE PROJECT RAPIDLY AND WITH AS MUCH ECONOMY AS POSSIBLE.

5. BABBITT SAID THAT EXISTING FINANCING PLANS WHICH DEPEND ON FRENCH SUPPLIERS CREDITS, NIGERIAN, GHANIAN AND IVORY COAST FINANCING WOULD NEED TO BE LOOKED AT VERY CAREFULLY BECAUSE ULTIMATE VIABILITY OF THE PROJECT WOULD DEPEND ON BEING ABLE TO RAISE MONEY IN CAPITAL MARKETS. THEREFORE, PROJECT WILL HAVE TO STAND OR FALL ON ITS ECONOMIC AND FINANCIAL MERITS. SECOND PHASE OF BABBITT PLAN WOULD BE TO DEVELOP OVERALL PROJECT PROPOSAL WHICH COULD MEET TEST OF OBTAINING OPEN MARKET FINANCING.

6. BABBITT INDICATED THAT PARTICULARLY INTERESTING POSSIBILITY OF FERTILIZER PROJECT IS THAT THERE APPEAR TO BE SIGNIFICANT AMOUNTS OF LOWER GRADE PHOSPHATE ROCK AVAILABLE WHICH COULD BE USED FOR FERTILIZER PROJECT. THIS COULD MEAN THAT HIGH GRADE ORE WHICH CURRENTLY BEING EXPORTED COULD CONTINUE TO BE EXPORTED AS LIMITED OFFICIAL USE

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PHOSPHATE ROCK, WHEREAS FERTILIZER PROJECT COULD BE BASED ON LESSER QUALITY ORE.

7. APPARENTLY BABBITT HAS GOOD CONNECTIONS WITH FRENCH FIRMS, PARTICULARLY SPI BATINGNOLE, WHICH HAS SIGNED LETTER OF INTENT FOR DESIGN AND CONSTRUCTION OF THE PROJECT. ACCORDING TO AZUELOS, ASSOR GROUP ANXIOUS TO HAVE AMERICAN MANAGEMENT OF ENTERPRISE BECAUSE NO FRENCH COMPANY HAS EVER UNDERTAKEN ANY ENTERPRISE THIS LARGE, NOR DO FRENCH COMPANIES HAVE EXPERIENCE IN INTERNATIONAL COMMERCIALIZATION OF PRODUCT.

8. BABBITT SAID THAT HIS OWN FINANCING IS COMING FROM AMEXCO AND SAUDI GOVERNMENT.

9. COMMENT: PHOSPHATE FERTILIZER PROJECT APPEARS TO BE STALLED, LARGELY BECAUSE THERE ARE INADEQUATE TECHNICAL AND MANAGERIAL EXPERTISE IN GOT TO EVALUATE AND UNDERTAKE PROJECT AT THIS TIME. WILLINGNESS THIS AMERICAN ENTREPRENEUR TO TAKE ON ENTIRE PROJECT MAY PROVE ATTRACTIVE TO GOT. IN ANY CASE, FACT THAT BABBITT HAS BACKING OF ASSOR GROUP WILL BE EXTREMELY IMPORTANT

ELEMENT IN EVENTUAL GOT DECISION.

10. BABBITT PLANS TO CONTACT DEPARTMENT AND IBRD RE PROJECT.  
EMBASSY ALSO PUT HIM IN CONTACT WITH HORTON OF ECOWAS FUND.  
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## Message Attributes

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